

# HOUSE . . . . . No.

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Message from His Excellency the Governor recommending legislation relative to municipal unemployment insurance. Public Service. January 9, 2013.

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## The Commonwealth of Massachusetts

EXECUTIVE DEPARTMENT

STATE HOUSE • BOSTON 02133

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DEVAL L. PATRICK

GOVERNOR

TIMOTHY P. MURRAY

LIEUTENANT GOVERNOR

January 9, 2013.

To the Honorable Senate and House of Representatives:

I am filing for your consideration a bill entitled "An Act Relative to Municipal Unemployment Insurance." This bill arises from the work and recommendations of the Municipal Unemployment Insurance Task Force I convened to address the concerns raised during the spring of 2012 by a number of municipalities.

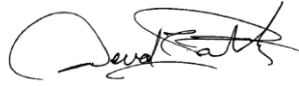
This legislation will do the following:

- create a 65% UI offset to retirees collecting a defined benefit pension, thereby significantly limiting a returning retiree's access to unemployment when laid off and collecting a pension;
- eliminate the disparity between those employed directly by a school department and those providing services to the school but paid directly by the municipality;
- prevent municipalities from being charged for wages earned by election workers; and
- allow DUA to participate in the US Treasury's Offset Program so that the agency can collect UI debts as a result of an overpayment; this would be particularly significant to municipalities because all amounts recouped would go directly into their accounts.

By enacting these provisions and other non-legislative recommendations in the report, together we will provide relief to municipalities while maintaining the integrity of the UI system,

respecting the rights of those unemployed workers with valid claims, and ensuring the UI system's continuing compliance with federal law.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Deval Patrick", with a stylized, cursive script.

DEVAL L. PATRICK,

# HOUSE . . . . . No.

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## The Commonwealth of Massachusetts

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In the Year Two Thousand Thirteen  
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An Act Relative to Municipal Unemployment Insurance.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 SECTION 1. Section 1 of chapter 62D of the General Laws, as appearing in the 2010 Official  
2 Edition, is hereby amended by inserting, after the definition of “debtor”, the following:-

3 “Federal tax refund payment”, any overpayment of federal taxes to be refunded to the person  
4 making the overpayment after the Internal Revenue Service makes the appropriate credits as  
5 provided in 26 U.S.C. § 6402(a) and 26 CFR § 6402-3(a)(6)(i) for any liabilities for any federal  
6 tax on the part of the person who made the overpayment.”

7 SECTION 2. Section 1 of chapter 151A of the General Laws, as appearing in the 2010 Official  
8 Edition, is hereby amended by inserting after subsection (u) the following:-

9 (v) “Unemployment compensation debt”, an amount owed to the department as a result of  
10 (1) an erroneous payment of benefits as described in section 69 of this chapter, also referred to as  
11 an overpayment; (2) an uncollected contribution to the Unemployment Compensation Fund, for  
12 which the commissioner has determined an individual to be liable, along with any penalties and  
13 interest on such debt as determined under section 15 of this chapter; and (3) fees authorized

under the Treasury Offset Program described in 26 U.S.C. § 6402(f)(5)(B), and 31 CFR § 285.8(h).

SECTION 3. Section 6A of said chapter 151A of the General Laws, as so appearing, is hereby amended by inserting after subsection (6) the following:-

(7) an election official or election worker if the amount of remuneration received by the individual during the calendar year for services as an election official or election worker is less than \$1,000.

SECTION 4. Said chapter 151A of the General Laws, as so appearing, is hereby amended by inserting after section 14P the following:-

SECTION 14 Q. Treasury Offset Program. The commissioner may enter into an agreement with the Secretary of the Department of Treasury, under the provisions of 26 U.S.C. § 6402(f) and 31 CFR § 285.8, to transmit valid, unpaid, and overdue unemployment compensation debts to the Financial Management Service, a bureau of the U.S. Department of the Treasury, for collection by offset of Federal tax refund payments through the Treasury Offset Program. If the commissioner chooses to participate in the Treasury Offset Program to recover unemployment compensation debt, the commissioner shall adhere to all rules, policies, and guidance as required by the U.S. Department of the Treasury and the U.S. Department of Labor in implementing and administering the program. The commissioner may promulgate such regulations as needed to implement this section.

SECTION 5. Section 15 of said chapter 151A of the General Laws, as so appearing, is hereby amended by inserting after subsection (e), the following:-

(f) If an assessment, or any administrative decision upon review thereof has become final and the contributions, payments in lieu of contributions, interest, or penalties thereby assessed remain unpaid, the Director may refer the unpaid and overdue amount to the Secretary of the Department of Treasury for collection under the provisions of 26 U.S.C. § 6402(f), the Treasury Offset Program, provided that all procedures for notice and opportunity to present evidence as required by 31 CFR § 285.8 have been followed.

SECTION 6. Section 28A of said chapter 151A of the General Laws, as so appearing, is hereby amended by inserting after subsection (d) the following:-

(e) with respect to any services described in subsections (a) and (b) that are provided to or on behalf of an educational institution, benefits shall not be paid to any individual under the same circumstances as described in subsections (a) through (c).

SECTION 7. Section 29 of said chapter 151A of the General Laws, as so appearing, is hereby amended by inserting after subsection (d)(6) the following:-

(7) Notwithstanding any of the foregoing provisions of this subsection, the amount of benefits otherwise payable to an individual for any week that begins in a period with respect to which such individual is receiving governmental or other pension, retirement or retired pay, annuity, or any other similar periodic payment from a defined benefit plan that is based on the previous work of such individual for the separating employer or for a base period employer shall be reduced by an amount equal to 65 per cent of the amount of such payment that is reasonably attributable to such week; provided, however, that such reduction shall apply only when such separating or base period employer employed the individual for at least 75 per cent of the

individual's total length of service on which the defined benefit plan is based; and provided, further that such reduction shall apply only if, and to the extent, then consistent with section 3304(a)(15) of the Internal Revenue Code of 1954. Payments received under the Social Security Act shall not be subject to this paragraph.

SECTION 8. Section 53A of said chapter 151A of the General Laws, as so appearing, is hereby amended by striking out, in line 5, the words "and (2)", and inserting in place thereof the following:- , (2) withdrawn for payment of fees authorized under the Treasury Offset Program described in section 14Q and paid to the Financial Management Service, a bureau of the U.S. Department of the Treasury, and (3).

SECTION 9. Section 69B of said chapter 151A of the General Laws, as so appearing, is hereby amended by inserting, before the first sentence in line 1, the following:- (a) .

SECTION 10. Said section 69B of said chapter 151A of the General Laws, as so appearing, is hereby further amended by inserting, at the end thereof, the following:-

(b) In addition to any other remedy provided by this chapter, the commissioner may request that the amount payable to the department by an individual resulting from an overpayment of unemployment benefits which has become final as specified in 430 CMR 6.12 be set off against any Federal tax refund payment owed such individual by the U.S. Department of Treasury, in accordance with the requirements of the Treasury Offset Program described in section 14Q of this chapter.